



Income Verification Program for VA Health Care Benefits

VA's Health Eligibility Center (HEC) verifies income and net worth information provided by certain veterans during the financial assessment (means test) process. The financial assessment is used to determine veterans' eligibility for health care services, enrollment priority assignment and obligation to make copays for VA health care and/or medications.

VA's computer matching agreements allow VA to match the household income information, furnished by the veteran with earned and unearned income information provided to the Internal Revenue Service (IRS) and the Social Security Administration (SSA)

If there is a discrepancy between the information provided by the veteran and that provided by IRS and SSA the veteran and spouse are contacted by HEC to verify their income.

If the veteran's gross household income is determined to exceed the established thresholds, the veteran is informed they may be responsible for copays for health care and prescriptions.

This fact sheet addresses many commonly asked questions associated with the Income Verification Match (IVM) process.

Does HEC have access to my income tax return? No, HEC does not have access to your income tax return. IRS and SSA share earned and unearned income data reported by employers and financial institutions.

What do you mean by earned and unearned income?

Earned income is usually wages you receive from working. Unearned income can be interest earned, dividends received, money from retirement funds, Social Security payments, annuities, or earnings from other assets. Examples of **earned income** include, but are not limited to:

- W-2 Wages - employment
- Bonuses
- Commissions
- Sick pay
- Self employment
- Net earnings from business
- Net earnings from farms
- Net earnings from rental property

Examples of **unearned income** include, but are not limited to:

- 1099-S Statement for recipients of proceeds from real estate transactions; installment sales; gifts & inheritances of property or cash
- 1099-B Stocks & Bonds (net gain)
- 1099-DIV Statement for recipients of dividends and distributions
- 1099-INT Statement for recipients of interest
- 1099-MISC Statement for recipients of miscellaneous income
 - Rents (expenses deductible)

- Royalties
- 1099-R Statement for recipients of retirement plans
 - Gross distribution/other income
 - Unemployment compensation
 - Agricultural subsidies
- W2-G Statement of gambling winnings; prizes and awards

What are some examples of income excluded from the Income Verification process?

Payments for:

- Agent Orange and Alaska native claims settlements
- Supplemental Security Income (SSI) and welfare income
- Crime Victims Compensation Act
- Disaster relief and FEMA/disaster insurance payments
- Discharge of indebtedness - bankruptcy -foreclosures
- Domestic Volunteer Service Act therapeutic and rehabilitation funds
- Payments to foster parents
- Income tax refunds
- Insurance dividends
- Interest on IRAs
- Loans
- Occasional sale of property
- Scholarships and grants for school attendance

What does the VA consider as assets or net worth?

- Stocks & bonds
- Certificates of deposit (CD)
- Individual retirement accounts (IRAs) & 401Ks
- Savings accounts
- Coin & stamp collections
- Car collections
- Boats, yachts and recreational vehicles
- Rental property
- Real estate other than your primary home
- Vacation homes or properties used for pleasure or investment, including timeshare properties
- Cash, including bank accounts

This is not an all inclusive list.

Why is my prior year income being used for verification? The law specifies that eligibility for cost-free medical care be based on your gross household income for the calendar year prior to the year of care.

As a combat veteran, will I be required to provide financial information and be billed?

Veterans who served in combat after November 11, 1998, are eligible for cost-free care for two-years following discharge from the military for any illness that may be related to their combat-service. Combat veterans are asked to complete a financial assessment to determine the possible need for copays for care unrelated to combat service.

Why do you need the Social Security Number (SSN) of my spouse and/or dependents? The financial assessment is based on your gross household income information. VA needs the SSN of your spouse and dependent children to match the information you provided about your gross household with IRS and SSA information.

I received a letter saying VA could not verify my SSN, what does that mean?

When you applied for enrollment, you provided VA with your personal information needed to establish your record and eligibility for VA health care benefits. SSA has informed us that your SSN, name or date of birth in VA health care records does not match your information on file with SSA. When this occurs, we contact you for assistance in correcting VA records.

If I decline to provide income and agree to make copayments, will you still verify my income?

No, if you have agreed to make copays for care you are not required to provide your income information and we will not make any further attempts to verify your income for that year.

What happens if the matching process reveals that my income is higher than the threshold? You will be provided an opportunity to review the IRS and SSA data and provide proof if that information is incorrect. If you do not provide this proof, you will be charged copays for health care and prescriptions you were provided for treatment of your nonservice-connected conditions.

What happens if at the end of the process my income is higher than the income threshold? You will be charged copays and we will notify VA facilities involved in your care to initiate billing for services provided. Your enrollment priority status may be changed if your financial status is adjusted by the Income Verification (IV) process.

What if I receive a bill and cannot pay? If you are unable to pay your bill, you should discuss the matter with the Revenue Office at the VA health care facility where you received your care. There are three possible options that may be available to you:

Hardship – for current and future bills.

Waiver – for past debts only.

Offer in Compromise – for past debts only.

HEC does not make these copay decisions. You must contact the facility at which you received the care.

DEFINITIONS

Asset – Property or resource of an individual, which includes cash, stocks and bonds, individual retirement accounts, income producing property, etc.

Compromise – An offer and acceptance of a partial payment in settlement and full satisfaction of the debt at the time the offer is made. Contact the Revenue Department at your facility to request an offer of compromise.

Copay – A portion of the actual cost of health care certain veterans are required to pay.

Deductible Expenses – Expenses used to reduce a family's annual income. These include medical expenses, funeral and burial expenses, and the veteran's educational expenses. Also included are small business, ranch, or farm operating expenses.

Dependent – Spouse or unmarried child (to include a biological, legally adopted, or step child) under the age of 18, or between the ages of 18 and 23 and attending school.

Depreciation – Nondeductible expense for VA purposes which, if claimed, is added back to the net earnings for business, farms, property, and ranch incomes.

DOB – Date of birth.

Earned Income – Money you receive from working.

Geographic Means Test Threshold – An income threshold based upon the specific geographic area in which a veteran resides.

Gross Income – Income before any deductions.

Financial Assessment – A means of collecting income and asset information used to determine a veteran's eligibility for health care. Also referred to as a "means test".

Hardship – An exemption from copays for a determined period of time. If the IV converted financial assessment is active and your current year income is substantially reduced from the prior year, you may request a hardship determination. Contact the Business Office at your facility to request a hardship.

Income Threshold – An annual national income limitation established to determine if a veteran is authorized an exemption from medical care and /or prescription copayments.

Means Test – A means of collecting income and asset information used to determine a veteran's eligibility for health care, priority group assignment and copay responsibilities. Also referred to as a "financial assessment".

NSC - Nonservice-connected – A veteran who does **not** have an illness or injury incurred in or aggravated by military service.

SC - Service-connected – Refers to a VA decision that a veteran's illness or injury was incurred in or aggravated by military service.

SSN – Social Security Number.

Unearned income – Money received from non-work entities. Most often received from financial institutions and through investments.

Waiver – Refers to an agreement with VA to forgive payment of a debt. If you believe you are unable to pay the copay bills, you may request that VA waive payment of the bills. A waiver is only granted if VA determines that you have demonstrated an inability to pay the debt. Contact the Revenue Department at your facility to request a waiver.



Whom can I talk to if I have more questions?
You may contact HEC toll-free at 1-800-929-VETS (8387).